

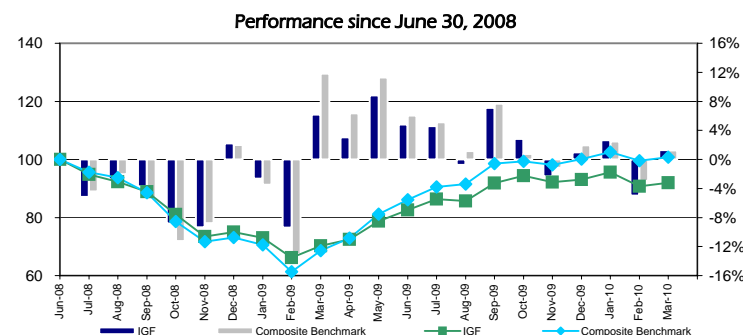
**PERFORMANCE REPORT**

As at March 31, 2010

**Performance - Overall**

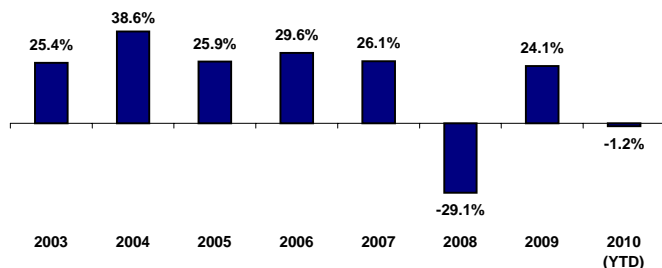
**Recent**

At the end of the quarter ending March 2010, IGF's net asset value (NAV) per share stood at Rs 23.08 compared to Rs.23.37 at the end of December 2009, representing a decrease of 1.24% over the quarter. IGF's blue chip-heavy local portfolio dipped 3.34%; better than the SEM-7, which lost 6.0%, but worse than the broader (and gross) SEMTRI, which shed only 1.04%. In contrast, the foreign portfolio gained 6.71% in rupee terms, outperforming the MSCI World All Countries Gross Index, which climbed 6.09%. With strong foreign markets more than offsetting a weak local one, the Composite Benchmark gained 0.70%.

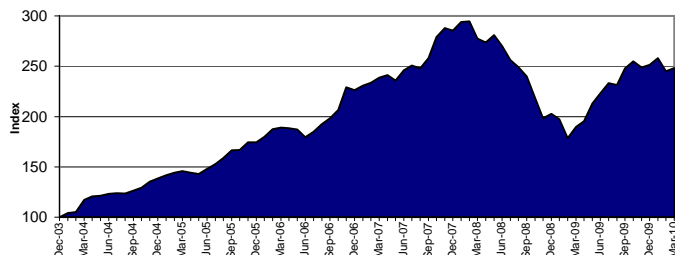


**Long Term**

**Calendar Year Returns**

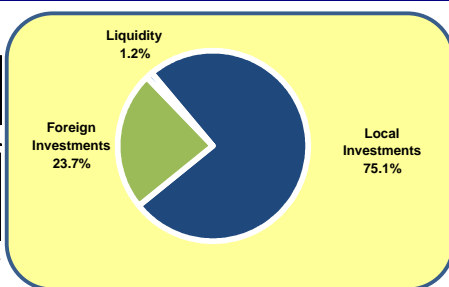


**Cumulative Performance Index**



**Portfolio Composition**

Liquidity		% <sup>1</sup>	% <sup>4</sup>
Local Cash		1.1%	96.4%
Foreign Cash		0.1%	3.6%
		<b>1.2%</b>	<b>100.0%</b>
Foreign Investments		% <sup>1</sup>	% <sup>3</sup>
Equities		9.9%	41.5%
Regional Investments		7.9%	33.4%
Alternatives		5.9%	25.1%
		<b>23.7%</b>	<b>100.0%</b>



Local Investments		% <sup>1</sup>	% <sup>2</sup>
Banks & Insurance		32.6%	43.4%
Commerce		10.1%	13.5%
Tourism		18.0%	23.9%
Sugar		5.2%	7.0%
Investments		4.4%	5.8%
Industry		4.4%	5.8%
Others		0.4%	0.6%
		<b>75.1%</b>	<b>100.0%</b>

**Composite Benchmark**

- 65% SEMTRI
- 5% MUR Cash\*
- 20% MSCI AC World Gross (USD)\*\*
- 10% USD O/N LIBOR + 1%\*\*\*

\* Savings Rate  
 \*\* Converted to Rs  
 \*\*\* USD Overnight inter-bank rate converted to Rs

1 Of Total Portfolio 2 Of Local Portfolio 3 Of Foreign Portfolio 4 Of Total Cash

**Market / Portfolio Review**

**Local**

After a strong performance in January, falling local stock prices took their toll on the local portfolio in February. Although the market regained some of its composure in March (only slightly down), performance over the quarter was -3.34%. The SEM-7, a gauge of local blue chip performance, lost 6.0% during the quarter, mainly on the back of a weak Q4 09 earnings season and the strong rupee\* and its consequences on export/foreign currency-oriented businesses. In addition, heavy losses by NRL (for the quarter and year ending December 2009) did nothing to improve overall sentiment. Some counters, however, did not follow the downward trend of their larger-cap brethren; with UBP, HF, IBL & SHELL increasing 30.4%, 23.6%, 22.2% & 16.3%, respectively. IGF's local portfolio benefited from being overweight these stocks relative to the S&P/SEMTRI over the quarter.

\* which, however, gave back some of its previous gains over the quarter.

**Foreign**

Increased optimism led by the publication of strong macroeconomic cheered global investors during the last month of the quarter. This led to a significant increase in investors' appetite for riskier assets such as equities and international equity markets rallied strongly as a consequence. IGF's foreign portfolio produced a strong quarter; rising 6.71% on the back of improved performance from dollar denominated underlyings and favourable currency translations into the rupee (which weakened 2.8% vs. USD over the quarter). Global Equity/Emerging markets, commodities and the African Market Leaders Fund were the major contributors to this performance. Foreign investments represented 23.7% of total investments as at March 2010 (compared to 21.3% as at December 2009).

**Market Prospects**

**Local**

After a weak GDP growth of 2.8% in 2009, growth is expected to accelerate to close to 4.5% this year. The major economic drivers are also expected to recover, albeit with increased government spending namely through infrastructure projects and job creation. While the low interest rate environment has sustained credit growth and managed to indirectly limit unemployment, monetary tightening would not be surprising during the last quarters of this year, since despite inflation resting at benign levels, increased liquidity and higher commodity prices should start to mildly pressure policy makers to start tightening. Rupee strength and yields on treasuries should also provide further indications on investor assessment of the real state of the economic recovery while the forthcoming earnings seasons will be closely eyed by investors and be pivotal to the market's direction this year.

**Foreign**

On the international side, we are already starting to see a disparity in the strength of various economies, which further supports the notion of an overall anemic global recovery. While some countries are trying to contain growth-driven inflationary pressures, others are still struggling to exit recession. Views regarding the timing of stimulus exit and monetary policy tightening by these economies are expected to increasingly diverge. In Europe, lingering concerns over the Greek fiscal crisis and the possibility of contagion into Portugal, Spain and Italy has left the Eurozone weakened and is undermining confidence in the region. This further supports our view that market volatility should increase over the second half of the year. IGF's foreign portfolio remains significantly underweight European equities (relative to the MSCI World Index).

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